



**FINAL MINUTES**  
**AS APPROVED NOVEMBER 3, 2005**

**CITIZEN BOND REVIEW COMMISSION**

**Human Resources Building, Pinnacle Room  
7575 E. Main Street  
Scottsdale, Arizona 85251  
Thursday, September 8, 2005**

**CALL TO ORDER**

A regular meeting of the Scottsdale Citizens Bond Review Commission was called to order at 5:03 p.m.

**ROLL CALL**

**Present:** Steven Sagert, Chairman  
Sam West, Vice Chairman  
Don Adams  
Judy Frost  
Paul Hughes  
Chuck Kaufman  
Tom Lanin  
Will Magoon  
Eric Schechter (arrived at 5:20 p.m.)  
Lee Tannenbaum

**Absent:** Larry Beckner  
Judith Brotman  
Don Raiff  
Sue Sisley

**Staff:** Al Dreska, General Manager  
Roger Klingler, Assistant City Manager  
Judy McIlroy, Senior Budget Analyst  
Dave Meinhart, Transportation Department  
Don Penfield, Facilities Management Director  
Sylvia Romero, Senior Budget Analyst, CIP Coordinator  
Art Rullo, Budget Director  
Dan Worth, City Engineer

### **APPROVAL OF MINUTES OF MAY 5, 2005 MEETING**

Commissioner Adams asked about the system for recording and editing the minutes. At the invitation of Chairman Sagert, AV-Tronics reporter, Ruth Bahri, explained that everything is recorded, but that the minutes are not a verbatim record; they are summarized from the reporter's notes and the audio recording.

Commissioner Adams asked that the minutes be amended to include the following in the second paragraph of page 3:

"Commission members expressed concern about the impact that delays will have on available funding due to cost inflation; and therefore cost impacts could result in reduction of projects and services."

Commissioner Adams explained that the minutes should reflect the Commissioners' reasons for expressing the concerns.

Mr. Klingler asked Chairman Sagert if the Commission members agreed with the proposed amendment and suggested that the minutes could then be approved on a motion and the corrected minutes distributed at the next meeting. Chairman Sagert recalled that in the past the minutes had usually been tabled until the next meeting.

Vice-Chairman West said he preferred to review the minutes and would like to have them as close to verbatim as possible. Commissioner Adams said that since there had been a lot of discussion, he had given a summary of what he thought were the salient points of that discussion.

Chairman Sagert requested that Commissioner Adams' proposed amendment be inserted into the minutes. Approval of the minutes of the May 5, 2005 meeting would be tabled until the Commission's next meeting.

Commissioner Adams noted that, in the same paragraph, the minutes state: "Commission members asked whether it was possible..." He thought that the request had been made by Vice-Chairman West and that the minutes should be amended to: " Vice-Chairman West asked..."

Vice-Chairman West remarked that it was Commissioner Adams who had asked about whether the park projects, which are not planned to be started within the next five years, could be moved up. Commissioner Adams said he had specifically asked about future park projects. His rationale for that, which he had tried to summarize tonight, was what the cost impact would be on the future status of the project. Chairman Sagert noted that this would be on the audio recording and that Commissioner Adams should be credited with that comment.

## **INTRODUCTION OF NEW BOND COMMISSIONER**

Chairman Sagert welcomed Chuck Kaufman, who introduced himself to the Commission.

## **NEW BUSINESS**

### **A Financial Update**

Mr. Rullo reported on the status of the new bond issuance. He discussed the two schedules that were in Commissioners' packets, which show data through June 30, 2005.

The first schedule indicates where the City stands with regard to the issuance of debt and the expenditures and commitments, by Question. It is anticipated that approximately \$125 million of debt will be issued in November.

The second schedule shows the actual and forecasted bond issuance schedule. Mr. Rullo's Department will be working with the City departments involved to further refine the cash flows. The amount of debt issued could possibly decrease based upon the anticipated cash flows. After the issuance, approximately 56 percent of the total authorized debt will have been issued.

Mr. Rullo stated that the forecast calls for all of the debt in the current five-year plan to be issued by 2009/2010. He noted that this does not mean that all of the funds will have been spent by that time.

In answer to a question from Commissioner Kaufman, Mr. Rullo confirmed that Question 4 did not pass at the bond election.

In response to an inquiry by Commissioner Tannenbaum regarding the self-check machine, Mr. Penfield explained that this is part of the automated library system. LAN infrastructure upgrades were included in the figure by this item.

Chairman Sagert asked Mr. Rullo about the \$25 million the Commission is to rebate to the City. Mr. Rullo replied that there had been a bond reimbursement resolution on March 3, 2005, up to \$75 million. Question 1 had \$20 million; Question 2 had \$5 million; Question 3 had \$2.5 million; Question 5 had \$12.5

million; and Question 7 had \$35 million. At this point they have not expended or encumbered more than the reimbursement resolution. Staff will provide an update on the bond issue at the next meeting, which is scheduled for early November.

Commissioner Lanin asked about committing money before the bonds have been purchased. Mr. Rullo replied that this is in order. The reimbursement resolution allows money to be borrowed from the General Fund.

In response to a question from Commissioner Schechter, Mr. Rullo noted that debt is typically issued every other year. Forecasting becomes less exact as one moves farther into the future. He explained that debt is issued in installments because of arbitrage laws. This also helps to maintain a fairly level tax rate. Mr. Klingler added that issuing debt has to be matched with the progress of the projects. It is a balancing act. Mr. Schechter thanked staff for the explanation.

Vice-Chairman West asked about the property tax rate and how it is adjusted. Mr. Klingler explained that the property tax rate is adjusted down to collect the dollar amount needed to repay the bonds.

Commissioner Schechter asked how the rapid increase in property values affects the process. Mr. Klingler said they have been able to hold the rate steady or even lower it. Mr. Rullo added that this was the eighth consecutive year that the property tax rate had gone down.

## **B     Status of Bond 2000 projects**

Mr. Worth reported on the highlights of the active bond projects.

The CAP Basin Sports Complex, the Senior Center and the Aquatic Center are well under way and should be completed within three to six months.

The Police/ Fire Training facility includes a fire training tower and classroom buildings. They plan to go to Council next month to award a design build contract. The Police Operational Support Building and the District One facilities are being designed. They hope that construction can start mid-2006.

The Department will go to Council next month with a contract to complete design on the section of Indian Bend Road between Scottsdale and Hayden Roads. In answer to a question from Commissioner Lanin, Mr. Worth said they will try to keep the road open during construction. A discussion ensued regarding the design of this project and concerns about flooding.

Commissioner Schechter noted that page 18 is missing in the booklet. Mr. Worth apologized.

A contract has been awarded to a desert landscape company in order to salvage desert plants on the section of Pima Road from Deer Valley to Pinnacle Peak.

A contract has just been awarded for the traffic management program from Pima Road from Thomas to Via Linda. New cameras and variable message devices are to be installed.

The WestWorld arena relocation is well under way and scheduled to be completed by the end of September.

Commissioner Hughes asked who would own the fiber optic cabling that is to be installed for the ITS traffic management system. Mr. Meinhart explained the licensing arrangement with Qwest. Everything the City is building will belong to the City. He added that the Pima Road section of the traffic management system will permit the City to have full connection from the freeway fiber optic to the Traffic Management Center.

Commissioner Adams asked staff to confirm that Traffic Management Program, ITS, Pima to McDowell, which was page 18, is missing from the booklet. Also missing are two other traffic management programs: Via Linda and the Shea program. They do not appear in the current report, nor are they listed in the projects. Mr. Meinhart reported that all three of these projects are still in the design phase.

Commissioner Adams asked whether the funding for the police and fire facilities is complete. Mr. Worth reported that that money is accounted for with the facilities going into the South Corporate Yard.

Commissioner Kaufman had questions about the project funding column and what exactly is included in the column. Mr. Worth explained that the figures in that column reflect the total budget regardless of the funding source. This is available in the online capital improvement budget book, which shows exactly how much of each project budget is from each fund source, including the Bond 2000. He added that staff can provide a breakdown.

Commissioner Kaufman asked if there is a way that the Commission sees the truest images of the bond fund in relation to the budget numbers on a periodic basis. Mr. Rullo replied that the sheet he had distributed includes just the bond portion of the expenditures and committed funds. In the future, staff could provide both the expended/committed and just the expended portion so that Commissioners could see the expenditures applicable to Bond 2000.

Commissioner Kaufman remarked that it was important to know how much money can be spent against each question. Mr. Rullo said the sheet the Commissioners have before them isolates the bond expenditures, but also

includes within it the committed or encumbered amounts. Commissioner Frost noted that once funds are committed, those funds cannot be spent elsewhere.

Commissioner Adams asked staff to confirm that in Appendix 5 on page 28, "Project Budget" does not necessarily equal expenditures if the project is complete. Sonoran Hills Park indicates a difference of \$100,000 between the project budget and the expenditures. He asked whether that was because the expenditures had been less than the budget.

Mr. Worth explained that some money had been moved on that project because the lights had not been installed. Mr. Penfield said his Department works with the Budget Department to ensure that the unspent funds are basically contingent and could be used elsewhere, with the Commission's approval.

Mr. Klingler informed Commissioners that the information pertained to projects in process. It is a status report and should not be regarded as an audited financial report.

Commissioner Adams asked about the information on the City website and commented that there is a difference between estimates for projects and financial reporting. Mr. Worth said the information online comes from the same database that is used for the report the Commissioners had. He said that there are different sources of funds and there can be different reasons for any discrepancies. Financial Services is the source for definitive answers on spending from the Bond 2000 program.

Commissioner Lanin said that Commissioner Kaufman's question had been: Is there money left over in the Bond fund? Mr. Klingler replied that technically, the bonds were asked by Question, not by specific project. Staff would need to research to answer the question fully.

Mr. Penfield added an explanation about what had happened with the Sonoran Hills Park. Savings on any specific project are always kept within the budget for the question. They work with the Budget Department and when savings are identified, they come to the Commission and ask for authorization to use it on another project.

Commission Lanin said no one was questioning the vigilance of the Department, but he felt that the Commission is responsible for tracking the funds and that leftover funds need to be accounted for. Mr. Klingler said that staff will update the document to make it more accurate. It is a working document, and as time goes by it becomes less accurate if not corrected. Vice-Chairman West asked if an extra column would be added to the report to convey this information. Mr. Klingler said the Commission had a good point. Staff would break out the bond amount in future reports.

Commissioner Lanin pointed out that the Commission has a responsibility and that in the appendix in question under "Funding source" it says "Bond" not "Bond and CIP." That label should be corrected.

Commissioner Adams suggested that the terminology definitions Mr. Rullo had given him be introduced into the meeting minutes, because it helped Commissioners read the materials. He provided a hard copy of the following to be included in the minutes:

**Bond 2000 Project "Funding" terminology definitions**

**Project Budget.** This amount equals to the cost of the project from inception to completion as determined by the Project management team.

**Approved Budget.** This amount equals the total budget amount that has been approved by the City Manager and her staff. This "approved budget" amount includes authorized and planned future authorization amounts.

**ITD Budget.** This stands for **Inception To Date Budget** which is the amount of the approved budget that has been approved from inception of the project thru the current authorized budget period.

**Exp. Amt.** This amount represents the total **actual dollars expended** on the project thru the report period.

Commissioner Adams added that it is possible to find the above definitions on the City website, but it is convenient to have it in the minutes.

Commissioner Kaufman said he wanted to understand how much funding was left for each individual Question. Mr. Rullo directed him to an example in the two-page report. Commissioner Hughes said the question was to know what the total amount of the authorization is. The information is there, but not all on one page.

Mr. Rullo clarified what information Commissioner Kaufman was requesting and undertook to try and reflect this more clearly in future.

The two issues are, one: what has been spent to date against the authorized amount; and two: what debt has been issued to date and how much of that has been spent.

Commissioner Kaufman noted that the report shows both "Project Budget" and "Approved Budget." These numbers are often but not always identical. Mr. Worth explained that projects are sometimes executed in phases. The Traffic ITS is a case in point. Each phase has its individual budget.

Commissioner Schechter suggested that the appendix should show the delta, if there is one. The information sheet is great, but this might be a helpful improvement. Mr. Klingler indicated a preference of doing this on the official financial sheet. The project book might become too complicated. Commissioner Schechter said it would be helpful to show the delta, if any, by question.

Commissioner Tannenbaum asked where the building on page 9 is located, adding that she had asked for this information in the past. Mr. Worth said it referred to the old South Corporate Yard near McKellips and Miller Roads. He undertook to include that in the description in future.

Commissioner Adams asked about the Police District 1 facility. The original bond question had been rather specific. The City Attorney had been asked to comment on Question 5 on Public Safety Facilities. He had said that the City should be responsive. Mr. Klingler said he believes that the language on the ballot prevailed and that this was in order.

Commissioner Schechter asked if the original ballot questions were available anywhere on the City website. Mr. Klingler said the City Clerk has this information and it could be e-mailed to the Commissioners.

Commissioner Lanin asked why Question 6 has no money shown in it. Mr. Klingler said that this was to buy a helicopter and the money has not yet been committed and the debt has not yet been issued. The forecast is that this will occur in 2007.

## **C     November Quarterly Meeting**

Chairman Sagert announced that the next meeting is scheduled for November 3, 2005 at 5:00 p.m. Mr. Clifford will give a presentation on financial planning. Mr. Bennett, from the City Attorney's office, will give a briefing on the Open Meeting Laws.

Commissioner Adams asked for a presentation on delayed programs and the impact of cost inflation on the amenities and services that can be provided. He was specifically interested in the programs that are in the Parks facilities. He noted that the Commission has still not received definition or identification of any planning for those projects. It has been five years and by this stage the Commission should at least have a presentation on those projects and the impact of the inflation rate.

## **OPEN CALL TO THE PUBLIC**

None

### **PRESIDING OFFICER'S SUMMARY OF CURRENT EVENTS**

Chairman Sagert noted that he had nothing to share.

Vice-Chairman West asked about the use of a wireless traffic system. Mr. Meinhart reported that Avondale is installing a wireless ITS system. Wireless is still experimental and staff will be watching how the Avondale experiment works. He added that there is great long-term value to having fiber optic capabilities in the ground.

### **ADJOURNMENT**

With no further business to discuss, the meeting adjourned at 6:18 p.m.

Respectfully submitted,  
AV-Tronics, Inc.